

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 SAM-01 OPIC-03 PA-01 PRS-01 USIA-06

SP-02 AID-05 NSC-05 CIEP-01 TRSE-00 SS-15 STR-04

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DRAFTED BY EUR/IB:EMROWELL:MS

APPROVED BY EUR/IB - ALAN W. LUKENS

L/EUR - MR. SMALL (DRAFT)

L/EB - MR. PITMAN (INFO)

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FM SECSTATE WASHDC

TO AMEMBASSY LISBON IMMEDIATE

LIMITED OFFICIAL USE STATE 114602

E.O. 11652: DECONTROL 12/31/75

TAGS: BDIS, PO, ELAB

SUBJECT: OTIS ELEVATOR

1. OTIS ELEVATOR GENERAL COUNSEL NEW YORK, WILLIAM JOHNSON, ADVISED DEPT ON MAY 15 OF FOLLOWING AND INVITED COMMENTS:

A. COMPANY PLANS PRESS RELEASE WEEK OF MAY 19-23 CHARGING THAT GOP REFUSAL TO HELP COMPANY EVICT WORKERS WHO HAVE SEIZED PLANT AND OFFICES AND USURPED MANAGEMENT ROLES AMOUNTS TO GOVERNMENT CONDONING CONFISCATION OF COMPANY PROPERTY BY WORKERS. OTIS THEREFORE PULLING OUT OF PORTUGAL.

B. OTIS GENERAL MANAGER IN PORTUGAL, A FRENCH NATIONAL, LEFT PORTUGAL SECRETLY LAST WEEK. WORKERS HAD THREATENED HIM AT OFFICES AND FOLLOWED HIM OUTSIDE COMPANY PREMISES.

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YET WORKERS AND GOP ALSO HAD WARNED HE WOULD BE IMPRISONED IF HE ATTEMPTED TO LEAVE PORTUGAL.

C. SINCE MARCH COMPANY HAS REPEATEDLY SOUGHT HELP FROM

AND UNDERSTANDING WITH GOP -- PRIMARILY LABOR MINISTRY --
AND BEEN CONSISTENTLY FRUSTRATED BY OUTCOMES.

D. JOHNSON ADDED THAT BUSINESS HAS BEEN SO BAD THAT
COMPANY WOULD BE COMPLETELY BANKRUPT IN ANY CASE

WITHIN SIX MONTHS AND THIS FACT AFFECTED COMPANY
PROPOSED DECISION OUTLINED PARA 1-A ABOVE. JOHNSON
SAID GOVERNMENT HAS REFUSED TO LET COMPANIES GO
INTO BANKRUPTCY, INSTEAD INSISTING THAT COMPANIES
KEEP WORKERS ON BOARD AND PAID UNTIL ALL ASSETS
EXHAUSTED. OTIS THEREFORE BELIEVES IT WILL GIVE UP
NOTHING NOT ALREADY LOST IF IT PUBLICLY DENOUNCES
"GOP CONFISCATION OF OTIS PROPERTIES" AND SAYS OTIS
WILL NO LONGER OPERATE IN PORTUGAL. GIVEN WORKER
TAKE-OVER OF PLANT, OTIS SAYS IT WILL REFUSE ANY
SEVERANCE PAY. COMPANY ESTIMATES POTENTIAL SEVERANCE
CLAIMS AT OVER DOLS TWO MILLION.

E. IN RESPONSE TO QUESTION, JOHNSON SAID OTIS STILL
WILLING TO MEET GOP AUTHORITIES ANYWHERE EXCEPT IN
PORTUGAL TO TRY TO WORK OUT ALTERNATE SOLUTION.
JOHNSON SAID PORTUGAL VENUE OUT BECAUSE "COMPANY
OFFICIALS FEAR GOP WOULD REFUSE TO LET THEM LEAVE
COUNTRY" IF TALKS UNPRODUCTIVE.

2. DEPTOFF (ROWELL - EUR/IB) ADVISED JOHNSON TO
TELEPHONE PORTUGUESE AMBASSADOR THEMIDO IN WASHINGTON
AND OUTLINE COMPANY THOUGHTS/PLANS TO HIM, TAKING
NO ACTION ON PUBLIC ANNOUNCEMENT UNTIL THEMIDO HAS
HAD CHANCE TO CONSULT LISBON. ALSO TOLD JOHNSON
WE WOULD CONSULT AMEMBASSY LISBON.

3. ANY COMMENTS LISBON MAY CARE TO OFFER ARE WELCOME.
KISSINGER

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